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PROGRAMME BUDGET FOR THE BIENNIUM 1996-1997

First performance report

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the first performance report of the Secretary-General on the programme budget for the biennium 1996-1997 (A/C.5/51/38). During its consideration of the report, the Advisory Committee met with the Controller and other representatives of the Secretary-General, who provided additional information to the Committee.

2. The current estimates of revised requirements for the biennium 1996-1997 amount to $2,602,693,800, as indicated in paragraph 5 of the report. These provide for a reduction of $5,580,200 compared with the appropriation of $2,608,274,000 approved by the General Assembly in its resolution 50/215 of 23 December 1995.

3. As can be seen from the table in paragraph 5 of the report, the net reduction of $5.6 million reflects the combined effect of an anticipated reduction of $60.1 million (owing to more favourable rates of exchange than foreseen) largely offset by additional requirements of: (a) $30.9 million resulting from additional mandates approved by the General Assembly after the adoption of the programme budget (MICIVIH, MINUGUA, Climate Convention, ONUV and International Commission for Rwanda); (b) $3.0 million related to commitments authorized under the terms of General Assembly resolution 50/217 of 23 December 1995 on unforeseen and extraordinary expenses; (c) $5.1 million for changes in inflation assumptions; (d) $3.2 million owing to adjustments to standard salary costs; and (e) $12.3 million in connection with the recommendations of the International Civil Service Commission.

4. The Committee notes from paragraph 17 of the report that exchange rate fluctuations account for a reduction of $60.1 million. This reduction is mainly attributable to a strengthening of the United States dollar against the Swiss franc and the Austrian schilling. Schedule 3 of the report provides detailed information on the monthly operational rates of exchange in 1996 for all duty stations.

5. The Committee recalls that in paragraph 110 of its audit report for the biennium 1994-1995,[1] the Board of Auditors had recommended the adoption of an averaging method for forecasting the operational rates of exchange for the purpose of budget formulation and recosting. As indicated in paragraph 19 of the performance report (A/C.5/51/38), the Administration's position on this matter is that "the decision to use the averaging method or the exchange rate for the latest month should be made at the time of each recosting". The Committee notes that the 1996 December rates rather than the 1996 average were considered by the Administration as less costly for 1997 budget requirements. Following its previous recommendations, the Advisory Committee's view on this matter is that the Administration should use such operational rates of exchange in its recosting exercises as would allow for the lowest estimates.

6. An explanation of the estimated requirements of $30.9 million related to additional mandates is contained in paragraphs 9 to 13 of the performance report. The Advisory Committee recalls that the General Assembly, in its resolutions 50/231 and 50/232 of 7 June 1996, requested the Secretary-General to submit, by 1 September 1996, a report containing proposals on possible means of absorption of the cost of additional mandates in the programme budget for the biennium 1996-1997, including, inter alia, in part II thereof and in the area of staff costs where savings might arise from the implementation of the early separation programme during the biennium. The possibility of additional appropriations was also envisaged in resolution 50/231. It is further recalled that the Secretary-General, in paragraph 13 of his progress report on the programme budget for 1996-1997 (A/C.5/50/57/Add.1), indicated that he intended to submit the requested proposals in the context of the first performance report.

7. The Committee points out that the Secretary-General's first performance report does not specifically address the question of possible means of absorption of the cost of additional mandates. The representatives of the Secretary-General clarified that the estimated requirements of $30.9 million will be absorbed from savings of $60.1 million resulting from more favourable exchange rates than anticipated and not from savings attributable to the vacancy rate. In this connection, the representatives of the Secretary-General informed the Advisory Committee that in order to achieve the savings requested by the General Assembly in resolution 50/214 in the amount of $104 million, a target vacancy rate of 10.4 and 7.5 per cent was being utilized for staff in the Professional and above and in the General Service categories, respectively.

8. The Committee notes that the estimated provision of $30.9 million will cover the cost of the United Nations activities in Haiti (MICIVIH), Guatemala (MINUGUA), El Salvador (ONUV) and Rwanda (Commission of Inquiry) during 1996 only and the cost of the meetings of the Conference of the Parties to the United Nations Framework Convention on Climate Change during both 1996 and 1997. Upon

inquiry, the Committee was informed that should the mandates of MICIVIH, MINUGUA and ONUV be extended beyond 1996, the question of their financing will be considered in the context of the financing of additional requirements of $17 million related to new mandates referred to in paragraph 7 of the performance report.

9. The Advisory Committee recalls, in this connection, that it was informed in the context of its consideration of the Secretary-General's progress report (A/C.5/50/57/Add.1) that "the total cost of the new mandates for 1996-1997 is currently estimated at $92 million, of which $37 million will be required for 1996" (see A/51/7/Add.1, para. 35). Taking into account that the revised 1996 requirements for the new mandates amount to $30.9 million, the Committee does not see at this stage how the balance of about $60.1 million relates to the $17 million referred to in paragraph 7 of the performance report. The Advisory Committee requests, therefore, that the Secretary-General clarify this matter. The Advisory Committee reiterates its observation that "it is important to remember that General Assembly resolution 41/213 has been reaffirmed (see, for example, General Assembly resolutions 50/230, 50/231 and 50/232) and continues to apply until the Assembly specifically changes it" (see A/51/7/Add.1, para. 36).

10. The Committee notes from paragraphs 6 and 7 of the report (A/C.5/51/38), that in response to draft resolutions considered in the Main Committees of the General Assembly at its current session, the Secretary-General has thus far issued revised estimates and statements of programme budget implications in the amount of $4.5 million, of which $0.4 million will not be covered by the contingency fund; the treatment of $2.7 million in respect of the International Seabed Authority is yet to be decided. The Committee recalls that the General Assembly, in section VIII of its resolution 50/216 of 23 December 1995, noted that a balance of $19.4 million remained in the contingency fund.

11. Together with the amount of $17 million for additional mandates referred to in paragraphs 8 and 9 above, the total additional requirement not factored into the performance report amounts to $21.5 million. The Committee was provided, on request, with a breakdown, reproduced in the annex below, of these total additional requirements. The performance report does not contain any proposals as to how the additional requirements of $21.5 million will be financed.

12. The Advisory Committee notes from paragraph 12 of the report that the 1997 conference-servicing requirements for the meetings of the Convention on Climate Change are estimated at $3.1 million. The performance report, however, does not indicate the total requirements for conference servicing for 1997, nor does it specify how additional conference-servicing requirements resulting from statements of programme budget implications considered during the current session of the General Assembly should be treated. The Advisory Committee recommends, therefore, that the Secretary-General provide this information to the Fifth Committee, in the context of its consideration of the performance report.

13. Paragraphs 14 to 16 of the performance report deal with additional requirements of $3.0 million resulting from unforeseen and extraordinary expenses which fall under the terms of General Assembly resolution 50/217. Of

the total of $3.0 million, an amount of $2.8 million represents commitments certified by the Secretary-General as relating to the maintenance of peace and security, $0.1 million is attributable to commitments certified by the President of the International Court of Justice as relating to unforeseen and extraordinary expenses and $46,500 is attributable to commitments relating to the United Nations share in the financing of interorganizational security measures.

14. With regard to commitments in the amount of $2.8 million authorized by the Secretary-General as relating to the maintenance of peace and security, the Advisory Committee is of the view that when requirements result from recourse to the provisions of General Assembly resolutions on unforeseen and extraordinary expenses, it should be incumbent upon the Secretary-General to make appropriate budgetary proposals if such requirements are later deemed to be of a continuing nature.

15. As far as the additional requirements of $46,500 for interorganizational security measures are concerned, the Advisory Committee points out that as an exception to previous resolutions on the subject, General Assembly resolution 50/217 on unforeseen and extraordinary expenses for the biennium 1996-1997 does not contain provisions which would allow the Secretary-General to authorize commitments for interorganizational security measures without prior concurrence of the Advisory Committee. The Committee expects that its concurrence will be requested by the Secretary-General in respect of all 1996-1997 requirements for interorganizational security measures.

16. A net increase of $5.1 million is shown under inflation, reflecting a combined effect of additional net requirements of $7.2 million relating to post adjustment indices and cost-of-living adjustments being higher than anticipated in respect of a number of duty stations. These were somewhat offset by a net reduction of $2.1 million resulting from a lower than anticipated rate of inflation for objects of expenditure other than posts in respect of most major duty stations, except for New York.

17. As can be seen from paragraphs 23 and 24 of the report of the Secretary-General, a net increase of $3.2 million reflects a combined effect of an increase of $9.0 million resulting from adjustments to standard salary costs which was somewhat offset by a decrease of $5.8 million in requirements for standard common staff costs. The increase relating to adjustments to standard salary costs for 1996 reflect the actual average payroll data by category and level of staff at each duty station, while projections for 1997 are based on the trends experienced in 1996. The reduction relating to adjustments in common staff costs is also based on actual experience in 1996 in respect of payments to staff located at Addis Ababa, Amman and Vienna.

18. Net additional requirements of $12.3 million relate to the recommendations of the International Civil Service Commission on remuneration of the Professional and higher categories of staff, dependency allowances and education grant, which are currently under review by the Fifth Committee. These requirements may, if necessary, be amended in the light of the General Assembly decision on this matter.

19. As indicated in paragraph 2 of the report, the first performance report for the biennium 1996-1997, in addition to adjustments resulting from variations in the rates of inflation and exchange and in the standards assumed in the calculation of the initial appropriations, takes into account the adjustments that the Secretary-General had proposed in his progress report (A/C.5/50/57/Add.1) on the implementation of General Assembly resolution 50/214; no changes are proposed in the performance report in respect of the proposals contained in document A/C.5/50/57/Add.1 and according to the Secretary-General there have been no significant developments that would warrant revisions of the amounts included in that report.

20. The Advisory Committee recalls in this connection, that in the context of its consideration of the Secretary-General's progress report on the programme budget for the biennium 1996-1997, the Committee pointed to a number of specific issues which were not adequately addressed in the Secretary-General's progress report, including:

(a) The question of vacancies, their composition and how they have been achieved;

(b) The extent of intergovernmental review;

(c) The question of additional mandates vis-à-vis General Assembly resolutions 50/231 and 50/232;

(d) The question of deferred or postponed programmes and activities (see A/51/7/Add.1, para. 6).

The Committee points out that the above issues remain, almost entirely, to be addressed by the Secretary-General.

21. It is recalled that in paragraph 38 of its report (A/51/7/Add.1), the Advisory Committee recommended that the General Assembly consider and approve revised appropriations, after it has taken action on the proposals submitted by the Secretary-General in his progress report (A/C.5/50/57/Add.1). However, as indicated above, numerous questions remain to be answered, including the impact on the 1997 costs of the additional mandates and the outstanding questions raised by the Advisory Committee in its report on the Secretary-General's progress report. Under these circumstances, the Advisory Committee is of the view that revised appropriations should be adopted by the General Assembly after the above issues have been addressed by the Secretary-General and considered by the General Assembly.

Notes

[1] Official Records of the General Assembly, Fifty-first Session, Supplement No. 5 (A/51/5), vol. I, chap. II.

ANNEX

Additional requirements

Subject	Thousands of United States dollars	Document reference
A. Documents already issued (A/C.5/51/38, para. 6)		
I. CONTINGENCY		
Revised estimates (Economic and Social Council)	1 096.2	A/C.5/51/20
International Action to Combat Drug Abuse etc.	290.5	A/C.5/51/36
CONTINGENCY	1 386.7	
II. OUTSIDE CONTINGENCY		
Central American Peace Process	391.9	A/C.5/51/32
III. TO BE DECIDED		
International Seabed Authority	2 750.5	A/C.5/51/21
GRAND TOTAL:		
(A/C.5/51/38, para. 6)	4 529.1	
B. Anticipated between now and closure of the fifty-first session, in December 1996[a]		
(A/C.5/51/38, para. 7)		
MINUGUA) MICIVIH) EL SALVADOR) AFGHANISTAN) BURUNDI)	Tentative estimates: $17 million - [outside contingency fund] no draft resolutions tabled	

[a] As of 4 December 1996.